**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation, and Rate Design. U 39 M	Application No. 19-11-019 (Filed November 22, 2019)

JOINT MOTION OF CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION AND PACIFIC GAS AND ELECTRIC COMPANY TO BIFURCATE THE GENERAL RATE CASE PHASE II PROCEDURAL SCHEDULE FOR THE REAL TIME PRICING TRACK AND TO ESTABLISH A SEPARATE EXPEDITED SCHEDULE FOR DECIDING THE PROPERTY TAX ADDER COMPLIANCE ISSUE FROM D.21-11-016

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Dated: January 21, 2022

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I. INTRODUCTION

Pursuant to Rule 11.1 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules) the California Large Energy Consumers Association (CLECA) and the Pacific Gas and Electric Company (PG&E), (collectively the Joint Parties) hereby submit this Motion to Bifurcate the General Rate Case Phase II Procedural Schedule and to Establish a Separate, Expedited Track for the Property Tax Adder issues for Marginal Generation Capacity Costs (MGCC), which were referred by D.21-11-016 into the Real Time Pricing (RTP) track within the existing Phase II procedural schedule.

II. DISCUSSION

The Joint Parties respectfully make the following joint requests related to the carry-over Property Tax Adder MGCC issue of material fact that remains to be resolved within the GRC Phase II per D.21-11-016, namely that the CPUC, through the Administrative Law Judge (ALJ) for this proceeding should:

(1) Receive into evidence the Joint Stipulation on Property Tax Adder issues, attached hereto as Attachment A, including all of the cited documents it references;

(2) Work with the Assigned Commissioner to issue a ruling amending the current procedural schedule for the RTP track of A.19-11-019, to establish a separate expedited schedule to allow a final decision adopting the Joint Stipulation (or otherwise resolving the single carry-over issue of material fact about the MGCC Property Tax Adder), on or before the CPUC's March 17, 2022 decision conference, on a bifurcated basis, separate from the main procedural schedule for the RTP track of this proceeding. This is needed because under the CPUC's current RTP track schedule, a final RTP decision is not likely to be issued until July 2022, or later, whereas PG&E will need a final CPUC decision on the MGCC Property Tax Adder whereas adder on or before the CPUC's March 17, 2022 decision conference to enable PG&E to have a correct MGCC calculation (including the property tax adder on top of the MGCC elements adopted in D.21-11-016), to calculate rates in an Advice Letter presenting rates to go into effect June 1, 2022.

Granting these requests is in the public interest, as an expedited CPUC decision approving this Joint Stipulation is needed to provide a final MGCC value under a schedule that will allow the just and reasonable rates (adopted for PG&E in D.21-11-016) to be calculated and put into effect as part of PG&E's June 1, 2022 rate change Advice Letter.

The Joint Parties hereby request that the Assigned Administrative Law Judge issue an RTP scheduling ruling that will:

a. Bifurcate the Property Tax Adder MGCC issue from the other issues in the ongoing RTP track of PG&E's GRC Phase II proceeding;

b. Establish that a decision on the Joint Stipulation resolving these Property Tax Adder MGCC issues of material fact will be scheduled to be issued on or before the CPUC's March 17, 2022 Decision Conference;

c. Grant the Joint Parties' request to shorten time for any responses to this Motion, as well as the attached Joint Stipulation, to require any differing factual showings to be presented by February 1, 2022, with opportunity for the Joint Parties to respond by February 7, 2022; and

d. Confirm that a decision addressing the RTP Stage 1 Pilot rate design issues shall continue to proceed, unchanged, pursuant to the currently-adopted schedule.

These procedural requests arise because CLECA and PG&E are pleased that their discussions have resulted in a Joint Stipulation that they believe fully addresses the finding in D.21-11-016 that a material issue of fact regarding the MGCC Property Tax Adder issue still needs to be resolved on the record, and referring that one, remaining MGCC factual issue into the RTP track of the GRC Phase II. The Joint Parties procedural requests in this Joint Motion are warranted as adoption will:

1. Promote timely implementation, on June 1, 2022, of the rates already found just and reasonable in D.21.11-016, by establishing a final MGCC value on or before March 17, 2022, that reflects resolution of the material issue of fact referred into this track of the GRC Phase 2 proceeding, about whether Property Taxes were appropriately included in MGCCs; and

2. Will not change or in any way delay the schedule for consideration and implementation of, PG&E's Stage 1 RTP Pilots (for which billing system implementation cannot begin until at least Q2 2022).

II. PROPOSED AMENDED RTP TRACK SCHEDULE WITH PROPERTY TAX ADDER BIFURCATED AND EXPEDITED

The Joint Parties propose the following schedule, which does not change the schedule for the RTP track, but merely creates a separate, expedited bifurcated track so that the CPUC can issue its final decision on the Property Tax Adder MGCC issue on or before March 17, 2022:

Proposed Schedule for Bifurcated Property Tax Adder MGCC Factual Issue in A.19-11-019

Event	**A.19-11-019 GRC II Current Schedule**	**Proposed Bifurcated, Expedited Schedule for Resolving Property Tax Adder Carry-Over Issue from D.21-11-016**
Joint Stipulation between CLECA and PG&E Resolving the Property Tax Adder Issue		*Concurrently with this Motion [New]*
Hearings in RTP Track of GRC Phase 2	January 26, 2022	

Event	**A.19-11-019 GRC II Current Schedule**	**Proposed Bifurcated, Expedited Schedule for Resolving Property Tax Adder Carry-Over Issue from D.21-11-016**
Responses to Motion and Joint Stipulation (if any)		***February 1, 2022***
Reply of Joint Parties to any Responses to Motion or Joint Stipulation		***February 7, 2022***
Proposed Decision or Resolution on Bifurcated Property Tax Adder Issue		***February 14, 2022***
Comments on Property Tax Adder PD (could shorten time if necessary)		***Late February 2022***
Final Decision on Property Tax Adder Issue		***March 17, 2022 CPUC Decision Conference***
Opening Briefs on RTP Issues	Expected to be ~ mid-February 2022	
Reply Briefs on RTP issues	Expected to be ~ March 2022	
PD on RTP Issues	Expected in or after June 2022	
Final CPUC Decision on RTP Issues	Expected in or after July 2022	

The Joint Parties believe that the proposed bifurcated and expedited schedule for resolving the Property Tax Adder issue, as stated above, would not prejudice any party, as it allows an agreement on this factual issue to be timely resolved as to allow accurate rates to be put into effect on June 1, 2022, using the rate designs and other marginal cost elements found just and reasonable in D.21-1-016, without delaying the final RTP decision or programming of the rates for the RTP Stage 1 Pilots.

III. CONCLUSION

The Joint Parties respectfully request the Commission grant this Motion to (i) bifurcate the Property Tax Adder issue arising under D.21-11-016 from consideration of the other issues in the Phase II RTP track, (ii) create aseparate expedited schedule for resolving this bifurcated Property Tax Adder issue; and (iii) shorten time to respond to this Motion and the Joint Stipulation to February 1, 2022.

The Joint Parties are including as part of this motion a request to shorten time to respond to this Motion, so that the Commission may rule on these procedural requests as expeditiously as possible.

Pursuant to the Commission's Rules of Practice, Rule 1.8(d), I am authorized by the Joint Parties to sign and tender this document for filing on their behalf. I affirm that this document istrue and correct to the best of my knowledge and is otherwise in accordance with the provisions of Rule 1.8(b).

Respectfully submitted,

By: *\/s/ Gail L. Slocum*
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Attorney for
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Dated: January 21, 2022

ATTACHMENT

JOINT STIPULATION OF PACIFIC GAS AND ELECTRIC COMPANY AND CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION IN RESPONSE TO OP 9 IN D. 21-11-016 (2020 GRC PHASE II, A. 19-11-019)

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(2020 GRC PHASE II, A. 19-11-019)**

I. INTRODUCTION AND EXECUTIVE SUMMARY

In Decision (D.) 21-11-016, on PG&E's 2020 General Rate Case Phase II (GRC2), the CPUC concluded that there was insufficient record support to determine whether property taxes were "appropriately included" in the Fixed Operations and Maintenance (FO&M) costs that are included in PG&E's calculations of Net Cost of New Entry (Net CONE) for four-hour battery projects, which are used to calculate the Marginal Generation Capacity Cost (MGCC). Although the CPUC generally found the Integrated Resource Planning (IRP) assumptions to be an "appropriate basis for calculating the MGCC given their role in planning future generation procurement capacity by the CPUC," with respect to property taxes, it found that additional record support was needed for determining what particular property tax calculation should be used. As to the remaining issue of contested fact(s) relating to property tax valuation, the CPUC ordered PG&E to "reserve final calculation of the MGCC until such time as an appropriate property tax adder is calculated in a later phase of this proceeding. PG&E is encouraged to work with the interested parties to serve a stipulation on this matter in the final phase of this proceeding considering real-time pricing options for PG&E customers." (D.21-11-016, pp. 58-59; see also FOF 25, COL 17, and OP 9.)

Accordingly, in December 2021, PG&E initiated and conducted a series of conference calls to discuss this matter with the California Large Energy Consumers Association's (CLECA), the only other party whose testimony addressed the issue of property tax valuation for battery storage projects. PG&E and CLECA have successfully developed the stipulation below, which they recommend the CPUC find appropriately reflects the status of property taxes for battery storage projects, on a non-precedential basis. The Stipulating Parties recommend the CPUC adopt this stipulation, find reasonable the resulting proposed corrected property tax adder, and adopt it on a nonprecedential basis for use in PG&E's MGCC calculations in its 2020 GRC2, in the most expeditious manner possible (ideally at or before the CPUC's March 17, 2022 decision conference so that PG&E can reflect the final MGCC calculations in its rates to go into effect June 1, 2022). PG&E is filing a motion to bifurcate and expedite the CPUC's decision on the property tax adder issue so that CPUC approval on or before March 17, 2022 can be achieved.

A. Summary of Parties' Litigation Positions

PG&E's testimony does not explicitly address property taxes for Net CONE calculations, but does show zero property tax adders in tables, implying that property taxes were already included FO&M (Update testimony, Exhibit (Exh.) PG&E-02A, p. 2-60, Table 2-9A; Rebuttal testimony, Exh. PG&E-7, p. 2-59, Table 2-12). In briefs, PG&E cited a March, 2021 off-the-record communication with the CPUC's Energy Division (ED) that PG&E believed confirmed property tax was already included in FO&M.[1] The valuation PG&E used in its MGCC proposal, based on the IRP assumptions, was $68.56/kilowatt-year (kW-yr).

CLECA's responsive testimony asserted that the subject of property taxes was not discussed in the manual for the 2019-2020 IRP assumptions, and that generally cost benchmarks do not include local and state taxes, so CLECA believed property taxes could not have been included in the IRP because the remainder of the modeled FO&M costs would have been unreasonably low.[2] CLECA proposed a 1.25 percent property tax adder, which would yield a net cost of battery valuation of $76.35/kW-yr[3] if all other assumptions and methodologies remained the same as in PG&E's proposal.[4]

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[1] This informal communication with ED occurred after the February 2021 service of rebuttal testimony.
[2] Exh. CLECA-03, p. 16, lines 1-11.
[3] CLECA did not break out the impact of a property tax adder in its rebuttal testimony. CLECA's calculations, which were based on a three-year average rather than PG&E's six-year assumption, and relied on a different methodology with different financial assumptions, resulted in an MGCC of $170.43/kW-yr (Exh. CLECA-3, p. 26, Table 5).
[4] D. 21-11-016 (p. 58, emphasis added) found that "PG&E's financial assumptions for the MGCC cost of capital calculation, *with the exception of property tax inputs*, are reasonable and should be approved. This is because PG&E based its assumptions on the IRP model already approved and utilized by the Commission in planning for future generation procurement… and finds that IRP assumptions are an appropriate basis for calculating the MGCC given their role in planning future generation capacity procurement by the Commission."

PG&E and CLECA were the only parties to refer to property taxes related to battery projects in their MGCC testimony in this proceeding. However, all parties that served general testimony have been sent a copy of the Motion for Adoption of this Joint Stipulation.

B. Post-Decision Analysis

After the CPUC issued D.21-11-016, PG&E: (1) further examined the record on the property tax issue, (2) sought additional information from its tax and energy procurement departments, and (3) more deeply reviewed the model documentation from both the National Renewable Energy Laboratory (NREL) study referenced in PG&E's Reply Brief[5] and other NREL and Lazard Levelized Cost of Storage reports referenced in IRP documentation.[6] Although the 2020 NREL Report provides support for PG&E's original conclusion that it believed property taxes had been included in IRP's FO&M costs, it would only apply *after* the January 2021 date of that study. However, the IRP inputs for the 2019-2020 IRP RESOLVE model, which was the basis for PG&E's cost assumptions in its 2020 GRC Phase II,[7] were developed *prior* to the published date of the 2020 NREL study. Subsequent to D.21-11-016, PG&E has confirmed that: (1) the Levelized Cost of Storage reports published by Lazard do not address property taxes at all; and (2) as implied in the 2020 NREL Report, and expressly stated in more recent NREL publications, Property Taxes were ***not*** included in cost estimates in any NREL reports issued prior to 2020, as described in Section III.A, below.

PG&E and CLECA also had discussions with the Energy Division and their consultants in January 2022 to confirm the parties' understanding of the basis for the IRP input assumptions. Everyone acknowledged that, as described in the IRP documentation discussed above, the 2019-2020 IRP inputs relied upon Lazard Version 4.0,[8] which did not address property taxes, but also referred to the 2018 NREL report,[9] which has now been shown not to have included property

[5] NREL, U.S. Solar Photovoltaic System and Energy Storage Cost Benchmark: Q1 2020, Technical Report NREL/TP-6A20-77324 (2020 NREL Report) (January 2021), p. 14, Figure 10, <https://www.nrel.gov/docs/fy21osti/77324.pdf> (as of Jan. 21, 2022).

[6] Inputs & Assumptions: 2019-2020 Integrated Resource Planning (February 2020), p. 60, fns. 32 and 33, <ftp://ftp.cpuc.ca.gov/energy/modeling/Inputs%20%20Assumptions%202019-2020%20CPUC%20IRP%202020-02-27.pdf> (as of Jan. 7, 2022).

[7] Exh. PG&E-2A, p. 2-4, lines 12-21.

[8] Lazard publishes its Levelized Cost of Storage Analysis approximately annually; the version used in the 2019-2020 IRP was Version 4.0 (Lazard 4.0), <https://www.lazard.com/media/450774/lazards-levelized-cost-of-storage-version-40-vfinal.pdf> (as of Jan. 21, 2022).

[9] NREL, 2018 U.S. Utility-Scale Photovoltaics-Plus-Energy Storage System Costs Benchmark (November 2018), <https://www.nrel.gov/docs/fy19osti/71714.pdf> (as of Jan. 21, 2022).

taxes, either, as stated above. The IRP model in the 2019 timeframe had been developed solely as a resource planning tool intended to assist in the determination of an optimal resource plan given goals such as greenhouse gas reduction. As such, the omission of property taxes as a cost factor in the comparison of resource types does not cause concern given that all resources were treated consistently. However, given the Commission's apparent interest in utilizing IRP analysis in ratemaking proceedings, the issue of how to appropriately include property taxes may need to be revisited on a going-forward basis to give careful consideration to assessing to what degree the then-existing underlying methodology may or may not have included property taxes, and/or this issue could be addressed as a specific additional cost factor within the context of a ratemaking proceeding such as PG&E's next GRC Phase 2.

Based on the above, newly discovered factual information, PG&E and CLECA now agree, as a matter of material fact, that there is no documented evidence that Property Taxes were expressly included in the 2019-2020 IRP's cost assumptions, and otherwise conclude, based on the documentation cited below and which will be offered for admission into the record during evidentiary hearings in the RTP track of PG&E's 2020 GRC Phase II proceeding, A.19-11-019, that it is appropriate for the CPUC to include a property tax adder in PG&E's 2020 GRC2 MGCC calculations.

More specifically, to ensure the IRP's property tax assumptions expressly include Property Taxes for battery storage projects, PG&E and CLECA hereby stipulate that, for completing this GRC's approved PG&E MGCC calculation model, the CPUC should find the following:

> **Stipulated Findings: The 2019-2020 IRP's FO&M costs should be adjusted upwards so that they reflect a 1.25 percent property tax rate adder to make them more accurate. PG&E and CLECA agree, on a non-precedential basis, that, for the purposes of MGCC calculations resulting from this GRC Phase II proceeding, the depreciation of capital costs which are subject to property taxes should be straight-line over the lifetime of the battery project.**
>
> **If the Joint Stipulation's recommended adjustment to the MGCC calculation is adopted, it would, on a non-precedential basis and solely for PG&E's 202 GRC Phase II proceeding, increase the MGCC value (before addition of a 15 percent Planning Reserve Margin) from $68.56/kilowatt-year (kW-yr), as had been proposed by PG&E, to $76.35/kW-yr – an MGCC increase of approximately 11 percent.**

II. DISCUSSION OF PROPERTY TAXES IN THE EXISTING RECORD IN A.19-11-019

A. Details on CLECA's Pre-Decision Positions

PG&E used a 1.5% O&M adder which was assumed to include an allowance for property taxes. In its Responsive testimony, CLECA stated that "However, given that the California property tax rate is 1 percent, the fixed O&M cost [of 1.5 percent, based on Integrated Resource Plan (IRP) inputs] is estimated at only 0.5 percent, which is very conservative." In rebuttal, CLECA stated that IRP documentation does not mention property taxes and that state (1%) and local (0.25%) property taxes amount to 1.25 percent, leaving only 0.25 percent for the remainder of FO&M. CLECA again made the latter argument in its opening brief, adding that "Lazard does not include property taxes because they are a local matter, and are too varied by location to be included in Lazard's estimates; therefore, it is up to the user to make the appropriate adjustment to account for property taxes."

B. Details on PG&E's Pre-Decision Position

PG&E consistently used property tax assumptions consistent with IRP inputs (from the RESOLVE model), which does not have a property tax adder.[10] As PG&E stated in reply testimony, "PG&E bases its capital cost and other assumptions on the IRP inputs, which draw on reports from both Lazard 4.0 and NREL."[11]

In its reply brief, PG&E: (1) noted that it had been informed by ED that it believed property taxes were included in FO&M, and (2) pointed to the 2020 NREL Report's inclusion of property taxes, to support its conclusion that even if property taxes not expressly included in the IRP, they amount to a very small proportion of capital cost.[12]

III. INFORMATION THE STIPULATING PARTIES REQUEST BE ADDED TO THE EVIDENTIARY RECORD IN A.19-11-019

A. Additional Documentation from NREL Publications

As stated above, the 2020 NREL Report contains a statement that implies that earlier reports (such as the 2018 NREL Report used in the 2019-2020 IRP model inputs) did not include property taxes: "For this version, five additional line measures (land lease, property taxes,

[10] Exh. PG&E-2A, p. 2-60, Table 2-9A; Exh. PG&E-7, p. 2-59, Table 2-12.
[11] Exh. PG&E-7, p. 2-52, lines 3-4.
[12] PG&E Reply Brief , pp. 38-39.

insurance, asset management, and security) are added based on feedback collected by LBNL from U.S. solar industry professionals (Wiser et al. 2020)."[13] While this statement could be interpreted to mean that property taxes were newly *broken out* in the analysis and were lumped into overall costs earlier, another NREL publication is more explicit. Specifically, the 2021 Annual Technology Baseline (ATB) on utility-scale photovoltaic (PV) systems expressly states: "The values in the 2021 ATB are higher than those from the 2020 ATB because *we include costs in [the 2021 ATB] not previously calculated*. These include five additional line measures (*land lease, property taxes*, insurance, asset management, and security) that are added based on feedback collected by Lawrence Berkeley National Laboratory (LBNL) from U.S. solar industry professionals (Wiser et al., 2020)."[14] In addition, none of the 2021 ATB descriptions of battery storage mention property taxes.[15] Based on the information in these NREL documents, PG&E and CLECA agree that property taxes were not included in the 2018 NREL Report. PG&E and CLECA also agree that property taxes are not mentioned in the Lazard 4.0 report, as CLECA had previously stated. The Stipulating Parties therefore agree that property taxes were not included in the FO&M costs for the grid-scale batteries used in the 2019-2020 IRP, which drew from both NREL 2018 and Lazard 4.0 (neither of which expressly included Property Taxes), as stated above.

B. Information from PG&E's Tax and Energy Procurement Departments

To provide a more complete record for this last track of the GRC Phase II, PG&E's tax department was asked to provide detail on how property taxes have been calculated for renewable and battery storage projects. The situation is more complex than either CLECA or PG&E had previously described in testimony and/or briefs:

- While the nominal property tax rate is indeed approximately 1.25 percent,[16] that percentage is applied to the "net book value" not the total capital cost. For example, net

[13] 2020 NREL Report, p. 13.
[14] NREL, 2021 NREL Annual Technology Baseline for Utility-Scale PV, <https://atb.nrel.gov/electricity/2021/utility-scale_pv> (as of Jan. 21, 2022), emphasis added.
[15] The 2021 NREL ATB is an online document with technology categories selected by the user. There are four battery storage categories (Utility-Scale PV-Plus-Battery, Utility-Scale Battery Storage, Commercial Battery Storage, and Residential Battery Storage). None of the descriptions associated with those categories mentions property taxes.
[16] PG&E's 2023 GRC Phase I application includes a property tax ratio of 1.24 percent for 2020/2021, and 1.28 percent for 2021/2022.

book value does not include such items as software – it is based solely on the cost or value of the physical assets.

- Net book value declines according to a depreciation schedule based on the lifetime of the asset (in this case, 20 years), so is zero or almost zero by year 20 (depending on whether the timing convention is start, middle or end-of year). PG&E's and CLECA's calculations both use this depreciation schedule, but CLECA did not explicitly discuss this point in its testimony.
- The original net book value is reduced by any incentives or rebates (e.g., Investment Tax Credit or Federal Treasury Grant) received for the project.
- PG&E has not received Property Tax Abatements for any Utility-Owned Battery Storage projects
- Standalone battery projects (i.e., projects that are not directly connected to a renewable generation resource), which are defined as the marginal resource in PG&E's MGCC calculations, are not currently eligible for Investment Tax Credits.

Based on the above newly-discovered information, PG&E and CLECA now agree that:

1. The standalone battery projects that are considered the marginal capacity resource in PG&E's 2020 GRC II are subject to property taxes on the capital cost of the batteries, with depreciation calculated on a straight-line basis to the end of project life.
2. The capital cost is not assumed to be reduced by any rebates or property tax abatements.

C. The Recommended MGCCs Under This Joint Stipulation

Adding a property tax factor of 1.25 percent and depreciating it, as described above, would increase the adopted 2021-2026 MGCC from $68.56/kW-yr to $76.35/kW-yr – an increase of approximately 11 percent.

IV. STIPULATING PARTIES' PROPOSAL FOR THE TREATMENT OF PROPERTY TAXES

A. Applies Only to 2020 GRC Ph II, Not Precedential

Because IRP inputs and assumptions can change between IRP cycles, the Stipulating Parties propose that the CPUC's GRC Phase II findings on whether property taxes are already included in FO&M or should be added, and its decision adopting this Stipulation's agreement on an appropriate value for a Property Tax Adder, should not be precedential but should apply only to PG&E's 2020 GRC Phase II.

B. Property Taxes Were Not Included in NREL's Battery Costs used in the 2019-2020 IRP, and Should Be Added to PG&E's MGCC Calculations

Based on the forgoing arguments, Stipulating Parties agree that property taxes were not included in FO&M for the 2019-2020 IRP.

The Stipulating Parties therefore propose to modify the MGCC calculations by adding the 1.25 percent property tax factor proposed by CLECA and confirmed by PG&E's tax department. This will be accomplished by updating the property tax factor in cell C59 on tab "Cost AssumptionsLiIon" of PG&E's updated MGCC workpaper " GRC-2020-PhII_WP_PGE_20210226_Ex07Ch02_MGCC_AddPropertyTax_PROP.xlxb", from zero percent to 1.25 percent, with depreciation calculated as described in section III.B, as illustrated below in Figure 1. Applying this correction to PG&E's model solely for purposes of this 2020 GRC Phase II proceeding on a non-precedential basis, would increase the 2021-2026 MGCC value (before addition of a 15 percent Planning Reserve Margin) from $68.56/kW-yr to $76.35/kW-yr, or an approximately 11 percent increase.

Figure 1. Operating Income and Expenses ($/kW-year) for a 4-hour Battery Installed in 2021 with 1.25 Percent Property Tax Adder

Income Statement and After-tax Cash Flows

Calculation of Long-run Cost of Capacity, 2021

Online Year	Installed cost ($Nom/kW)
2021	1,204.96

		Energy Gross Margin				Going Forward Fixed Costs				
	Year	Total Energy Revenue	Total Ancillary Services Revenue	Variable O&M Incl. Inflation	Gross Margin	Insurance	Property Taxes	Fixed O&M	Warranty + Replace / Decomm.	Total Operating Expenses
1	2021	42.58	94.83	-	137.42	-	14.31	18.07	42.88	75.26
2	2022	81	-	-	81	-	13.83	18.44	43.74	76
3	2023	90	-	-	90	-	13.32	18.80	63	96
4	2024	90	-	-	90	-	12.79	19.18	65	97
5	2025	86	-	-	86	-	12.23	19.56	66	98
6	2026	85	-	-	85	-	11.64	19.96	67	99
7	2027	87	-	-	87	-	11.03	20.35	69	100
8	2028	94	-	-	94	-	10.38	20.76	70	101
9	2029	96	-	-	96	-	9.71	21.18	71	102
10	2030	104	-	-	104	-	9.00	21.60	73	103
11	2031	107	-	-	107	-	8.26	22.03	74	105
12	2032	112	-	-	112	-	7.49	22.47	76	106
13	2033	117	-	-	117	-	6.69	22.92	77	107
14	2034	122	-	-	122	-	5.85	23.38	79	108
15	2035	126	-	-	126	-	4.97	23.85	80	109
16	2036	131	-	-	131	-	4.05	24.33	82	110
17	2037	136	-	-	136	-	3.10	24.81	84	112
18	2038	141	-	-	141	-	2.11	25.31	85	113
19	2039	145	-	-	145	-	1.08	25.81	87	114
20	2040	150	-	-	150	-	-	26.33	89	115
		Data from Column R in file pro_forma_allscen_run4.xlsx					0.744% Levelized cost as ratio of capital cost			
	NPV (before tax)	843	90	-	934	-	92	185	591	868
	Levelized (before tax)	82.29	8.83	-	91.12	-	8.97	18.07	57.71	84.75
	NPV (AfterTax)	607	65	-	672	-	66	133	426	625
	Levelized (After-Tax)	82.29	8.83	-	91.12	-	8.97	18.07	57.71	84.75

V. CONCLUSION

The Stipulating Parties interested in this Property Tax MGCC issue have reviewed and agree to the Joint Stipulation set forth above. The Stipulating Parties respectfully request that the CPUC through the assigned ALJ take the following actions:

(1) Receive this Joint Stipulation into evidence(especially its discussions in Sections III and IV, above, as well as all of the cited underlying documentation).

(2) Find it reasonable, based on that expanded factual record, to adopt the Joint Stipulation's non-precedential property tax adder approach for use in calculating PG&E's 2020 GRC Phase II MGCCs.

(3) Promptly Issue a procedural ruling bifurcating the Property Tax Adder issue from the other issues in the RTP track, so that decision adopting the Joint Stipulation's property tax adder for PG&E's MGCC calculations can be issued on an expedited basis, ideally at or before the CPUC's March 17, 2022 decision conference, if possible. Doing so will allow the appropriate, final overall GRC Phase II MGCC value (including the adopted property tax adder) to be ready in time for use in calculating PG&E's rates, adopted in D.21-11-016, for presentation to the CPUC in an Advice Letter for rates to go into effect June 1, 2022.

Dated: January 20, 2022

(END OF APPENDIX A)